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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III  
FACING PAGE

SEC FILE NUMBER  
~~8-423731~~  
8-42373

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2011 AND ENDING DECEMBER 31, 2011

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

MOGAVERO, LEE & CO., INC.

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P. O. Box No.)

20 BROAD STREET - 14<sup>th</sup> FLOOR

NEW YORK,

NEW YORK

10005

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

GARY GETTENBERG

(212) 668 - 8700

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

LERNER & SIPKIN, CPAs, LLP

132 Nassau Street, Suite 1023

New York

X Certified Public Accountant

SECURITIES AND EXCHANGE COMMISSION NY RECEIVED
FEB 27 2012
REGISTRATIONS BRANCH 02

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e) (2).

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information contained in this form are not required to respond  
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SEC 1410 (06-02)



## OATH OR AFFIRMATION

*I, DOREEN MOGAVERO, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of MOGAVERO, LEE & CO., INC., as of DECEMBER 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:*

NONE

ELENA CORSO  
Notary Public, State of New York  
No. 01CO6157404  
Qualified in Richmond County  
Term Expires Dec. 31, 2014

X Doreen Mogavero  
Signature  
Pres / CEO  
Title

X [Signature]  
Notary Public

This report\*\* contains (check all applicable boxes):

- (x) (a) Facing page.
- (x) (b) Statement of Financial Condition.
- (x) (c) Statement of Operations.
- (x) (d) Statement of Cash Flows.
- (x) (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (x) (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (x) (g) Computation of Net Capital.
- ( ) (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ( ) (i) Information Relating to the Possession or Control requirements under rule 15c3-3.
- ( ) (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the reserve requirements Under Exhibit A of Rule 15c3-3.
- ( ) (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (x) (l) An Oath or Affirmation.
- (x) (m) A copy of the SIPC Supplemental Report.
- ( ) (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (x) (o) Independent Auditors' Report on Internal Accounting Control.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**MOGAVERO, LEE & CO., INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2011**

**ASSETS**

Cash and cash equivalents	\$ 23,864
Due from broker	85,619
Securities - at market value (Note 3)	612,928
Office equipment, net of accumulated depreciation	-
Other assets	<u>139,328</u>
Total assets	<u>\$ 861,739</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities:**

Accounts payable and accrued expenses	119,905
Due to stockholders (Note 6)	13,943
Bank loan payable (Note 5)	<u>50,000</u>
Total liabilities	<u>183,848</u>

**Commitments and Contingencies (Notes 9 and 10)**

**Liabilities subordinated to claims of general creditors**

Pursuant to subordinated loan agreements (Note 7)	<u>100,000</u>
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**Stockholders' equity (Note 11)**

Common stock, no par value, 200 shares authorized, 12.5 shares issued and outstanding.	21,500
Additional paid-in capital	310,300
Retained earnings	<u>265,091</u>
	596,891
Subscription receivable	<u>(19,000)</u>
Total stockholders' equity	<u>577,891</u>
Total liabilities and stockholders' equity	<u>\$ 861,739</u>

*The accompanying notes are an integral part of this statement.*



**MOGAVERO, LEE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 1 - Nature of Business**

Mogavero, Lee & Co., Inc. (The "Company") is a New York corporation formed for the purpose of conducting business as a broker on the floor of the New York Stock Exchange ("NYSE"). The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority (FINRA).

The Company operates under the provisions of Paragraph (k) (2) (ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k) (2) (ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

**Note 2- Summary of Significant Accounting Policies**

*a) Revenue Recognition*

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis. Commission income and related expense are recorded on a trade date basis.

*b) Income Taxes*

The Company has elected to be treated as an "S" Corporation under the provisions of the Internal Revenue Code and New York State tax regulations. Under the provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the stockholder is liable for individual income taxes on his respective share of the Company's taxable income. The Company continues to pay New York City general corporation taxes.

*c) Cash and Cash Equivalents*

The Company considers demand deposited money market funds to be cash equivalents. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

*d) Equipment*

Equipment is carried at cost and is depreciated over a useful life of 3-5 years using accelerated methods.

*e) Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.



**MOGAVERO, LEE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 2- Summary of Significant Accounting Policies (continued)**

*f) Fair Value Measurements*

The Company carries its investments at fair value. ASC 820, *Fair Value Measurements and Disclosure*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Fair values derived from unadjusted quoted prices of identical assets in active markets.

Level 2 - Fair values derived from quoted prices of similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and model driven valuations in which all significant inputs are observable in active markets.

Level 3 - Fair values derived from inputs which are not observable in markets.

The following table represents the Company’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as at December 31, 2011:

	Fair Value Measurements Using			
	Total	Quoted Price in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Total	(Level 1)	(Level 2)	(Level 3)
Short Term Income Fund	\$612,928	\$612,928	\$-0-	\$-0-

*g) Subsequent Events*

The Company has evaluated events and transactions that occurred between January 1, 2011 and February 21, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**Note 3- Marketable Securities Owned, and Sold, Not Yet Purchased.**

Marketable securities consist of securities at quoted market values, as illustrated below:

	<u>Owned</u>
Short term Income Fund	<u>\$ 612,928</u>



**MOGAVERO, LEE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 4 - Profit Sharing Plan**

The Company is a sponsor of a defined contribution profit sharing plan for its eligible employees. Contributions to the plan, if any, are determined by the employer and come out of its current accumulated profits. The employer's contribution for any fiscal year shall not exceed the maximum allowable as a deduction to the employer under the provisions of the IRS Code Section 404, as amended, or replaced from time to time. The Company's liability to the plan for the year ended December 31, 2011 was \$-0-.

**Note 5- Bank Loan Payable**

The Company has a \$250,00 bank line of credit from which was drawn down \$50,000 at December 31, 2011. The loan is payable over three years. Interest is calculated at prime plus 1.25%, and, at December 31, 2011 the interest rate was 4.50%.

**Note 6- Due to Stockholder**

The amount due is non-interest bearing and due on demand.

**Note 7- Subordinated Borrowings**

The borrowings under subordination agreements with stockholders at December 31, 2011 are as follows:

Cash subordination agreements:

<u>Maturity Date</u>	<u>Rate</u>	<u>Principal</u>
May 30, 2012	8 % annum	\$ 80,000
May 30, 2012	8% annum	<u>\$ 20,000</u>
		<u>\$100,000</u>

Both borrowings are subject to automatic rollover provisions. Interest payable on these subordinated loans, was suspended by the stockholders for the year ended December 31, 2011.

The cash subordinated borrowings are available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowing are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

**Note 8 - Subscription Receivable**

The Company issued 2.5 shares of its no par value common stock for a note receivable amounting to \$19,000 as follows:

<u>Origination Date</u>	<u>Number of Shares</u>	<u>Principal</u>
January 1, 1995	<u>2.5</u>	<u>\$ 19,000</u>

The note is non-interest bearing and due on demand.



**MOGAVERO, LEE & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Note 9-           Commitments and Contingencies**

***Office Space***

The Company rents office space pursuant to a lease agreement expiring January 31, 2014.

The aggregate minimum annual rent commitment follows, exclusive of escalation charges:

<u>Year</u>	<u>Amount</u>
2012	128,271
2013	131,903
2014	11,017

**Note 10 -       Financial Instruments with Off-Balance Sheet Credit Risk**

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis. The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

**Note 11 -       Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2011, the Company had net capital of \$483,400, which was \$471,143 in excess of its required net capital of \$12,257. The Company's net capital ratio was 38.03%.

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A copy of the Firm's Statement of Financial Condition as of December 31, 2011, pursuant to SEC Rule 17a-5, is available for examination at the Firm's office and at the regional office of the SEC.





**LERNER & SIPKIN**  
CERTIFIED PUBLIC ACCOUNTANTS LLP

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jsipkin@lernerstipkin.com

**INDEPENDENT AUDITORS' REPORT**

To the Stockholders of  
Mogavero, Lee & CO., INC.  
2115 Linwood Avenue - 4th Floor  
Fort Lee, NJ 07024

We have audited the accompanying statement of financial condition of Mogavero, Lee & CO., INC. as of December 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Mogavero, Lee & CO., INC. as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

*Lerner & Sipkin CPAs LLP*  
Lerner & Sipkin, CPAs, LLP  
Certified Public Accountants (NY)

New York, NY  
February 17, 2011